

## 44-350.K Underpayment

---

### Table of Contents

Topic	Section
General	<a href="#">44-350.K.1</a>
Investigation of Underpayments	<a href="#">44-350.K.2</a>
Calculating Underpayments	<a href="#">44-350.K.3</a>
Correction of the Underpayment	<a href="#">44-350.K.4</a>
Mandatory Inclusion	<a href="#">44-350.K.5</a>
Grant Adjustment Due to SAR 7	<a href="#">44-350.K.6</a>
Voluntary Mid-Period Reporting	<a href="#">44-350.K.7</a>
Erroneous Denial	<a href="#">44-350.K.8</a>
When Not to Establish an Underpayment	<a href="#">44-350.K.9</a>

---

#### 44-350.K.1 General

All underpayments shall be corrected in accordance with the regulations in effect on the date of discovery.

Underpayments occur when an applicant/recipient receives less than the amount to which he/she is entitled in a given month. Failure to apply for or request aid does not create an underpayment.

Human Services Specialists (HSS) shall take all reasonable steps necessary to promptly correct any underpayment that comes to their attention.

For purposes of continued eligibility and the grant computation, retroactive payments are not considered income or resource in the month of receipt nor in the following month.

There is no minimum underpayment correction (amount) as long as there is eligibility.

---

#### 44-350.K.2 Investigation of Underpayments

When there is a reason to suspect that an underpayment may have occurred, the HSS is to investigate and determine whether an underpayment did, in fact, occur.

---

**44-350.K.3  
Calculating  
Underpayments**

The calculation of an underpayment is as follows:

- Calculate the correct grant for each month in question, compare the correct grant to the amount actually paid to the recipient for each month, and if the amount paid to the recipient is less than the correct grant for that month, an underpayment exists.
  - A lesser amount of aid in a current month is not an underpayment.
- 

**44-350.K.4  
Correction of  
the  
Underpayment**

Underpayments are corrected through retroactive payments. If an AU has both an underpayment and an overpayment in the same benefit month, the county shall offset one against the other before making a retroactive corrective payment. An adjustment must be made on CalWIN to change the claim balance owing to the new amount; the HSS shall send an email to Fiscal Benefit Recovery at **HHSA, BenRecovery** when an adjustment is required on an existing claim balance and the HSS is not processing the adjustment in CalWIN by running EDBC to regroup the claim balance.

If the HSS determines that an underpayment has occurred due to an administrative error, and the recipient is entitled to those benefits, the underpayment must immediately take action to restore any benefits that were lost. Restoration of benefits under these circumstances would be based on Semi-Annual Reporting (SAR) (CPG 44-270) and Annual Reporting/Child Only (AR/CO) (CPG 44-260) rules, and actual verified income shall not be used to reconcile against prospectively budgeted income that was used in the benefit calculation. Only income that was “reasonably anticipated” at the time benefits were initially calculated can be used.

---

**44-350.K.5  
Mandatory  
Inclusion**

An underpayment may only be issued for months in which all technical conditions of eligibility are met. These are considered to have been met as of the date the mandatory person entered the AU, provided:

- The person is cooperating in meeting these conditions, and
- The caretaker relative fulfilled their reporting responsibilities in making a timely and accurate report of the change in AU composition.

Example: If an additional person entered the home was not reported in a timely manner, no underpayment exists.

---

**44-350.K.6  
Grant  
Adjustment Due  
to SAR 7**

If information reported on the SAR 7 results in an increase of cash aid, and the HSS cannot increase the grant by the first day of the month of the next SAR payment period, a supplement must be issued for that month. The cash grant for the remaining months of that SAR period is increased.

---

**44-350.K.7  
Voluntary Mid-  
Period  
Reporting**

A mid-period supplemental payment resulting from a voluntary mid-period report, which was correctly computed based on a recalculation of reasonably anticipated income and or other changed AU circumstances, must not be considered an underpayment and cannot be used to offset an overpayment.

---

**44-350.K.8  
Erroneous  
Denial**

Any underpayment which is due to the erroneous denial of an application for aid shall be corrected even though the applicant failed to perform an act constituting a condition of eligibility when such failure was caused by the denial. Acts include, but are not limited to:

- Furnishing a SSN;
  - Providing alien sponsor information;
  - Assigning support rights; or
  - Obtaining unconditionally available income.
- 

**44-350.K.9  
When Not to  
Establish an  
Underpayment**

An underpayment does **NOT** occur in the following circumstances:

- A client's failure to apply for or request aid, including special needs such as the pregnancy special need.
  - When a change in circumstances occurs or actual income received is less than what was reasonable anticipated during the payment period, and the client did not voluntarily report the change during the payment period.
    - The HSS must **NOT** reconcile actual verified income against prospectively budgeted income that was used in the grant calculation as income that was reasonably anticipated at the time benefits were calculated.
-